

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 242

PRINTER'S NO. 2815

AMOUNT

\$25,220
New Revenue Annually

FUND

State Stores Fund
Liquor License Fund

DATE INTRODUCED

January 26, 2011

PRIME SPONSOR

Representative Everett

HISTORY OF BILL

Referred to LIQUOR CONTROL, Jan. 26, 2011
Reported as amended, April 13, 2011
First consideration, April 13, 2011
Laid on the table, April 13, 2011
Removed from table, June 8, 2011
Second consideration, June 13, 2011
Re-committed to APPROPRIATIONS, June 13, 2011
Re-reported as committed, June 14, 2011
Third consideration and final passage, June 14, 2011 (170-32)
In the Senate
Referred to LAW AND JUSTICE, June 15, 2011
Reported as amended, Nov. 15, 2011
First consideration, Nov. 15, 2011
Re-referred to APPROPRIATIONS, Nov. 16, 2011
Re-reported as amended, Dec. 5, 2011

DESCRIPTION AND PURPOSE OF BILL

House Bill 242 makes the following changes to the Liquor Code:

Special Occasion Permits

Expands the definition of an "eligible entity" that may obtain a special occasion permit to include: Public Radio and Television Stations and the Neutropenia Resource Network.

Public Venue Licenses for Zoos

Allows zoos to receive a public venue license to sell alcohol and malt and brewed beverages and specifies they may hold private banquets and other events at any site on zoo property and may consist of any type alcohol or container. A "zoo" is defined as an accredited member of the association of zoos and aquariums.

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Public Officials Interest in Liquor Licenses

Clarifies public officials who hold an office which involves the duty to enforce the penal laws of the United States, the Commonwealth or any political subdivision may not hold a liquor license. The new language specifically prohibits anyone with arrest authority, united states attorneys, state attorneys general, district attorneys, sheriffs, police officers, magisterial district justices, judges or and any other individual who can impose a criminal sentence from holding a license. Members of the General Assembly, township supervisors, city council persons, mayors without arrest authority and any other public official that does not have the ability to arrest or impose a criminal sentence may hold a license.

Sunday Sales

Allows restaurant, hotel, eating place, and golf course license holders to sell alcohol on Sundays at 9:00 am, if they offer meals beginning at 9:00 am. Presently, they may begin to make sales at 11:00 am on Sundays.

Allows malt beverage manufacturer, distributor and importing distributor license holders to sell malt or brewed beverages from 9:00 am to 9:00 pm on Sundays. Presently, they may make sales between 12:00 am and 5:00 pm on Sundays.

Storage of Liquor and Malt or Brewed beverages at Golf Courses

Allows restaurant and club license holders located on a golf course to store liquor or malt or brewed beverages in a permanent facility on an unlicensed portion of the golf course.

Happy Hours

Allows retail dispenser license holders to hold happy hours and discount the price of alcoholic beverages up to 4 consecutive or nonconsecutive hours per day not to exceed a total of 14 hours per week. These provisions were extended to restaurant and hotel license holders in Act 11 of 2011, which was signed into law in June.

Makes technical changes to ensure catered events and specials are not counted against the 4 hour per day and 14 hour per week happy hour limit, which is consistent with current regulation.

Exceptions to Prohibition of Interlocking Business

Allows an employee of a hotel or restaurant license holder to have an interest in property used by a limited winery and provide anything of value to a limited winery license holder or its officers, directors and shareholders, provided the person is not an officer of or does not have an interest in or exercise control over any other licensed entity that engages in sales to or from the limited winery.

Allows a person with a financial interest of 5% or less in a business entity which owns a restaurant or retail dispensers license to have an interest in another license, provided the person is not an officer of or does not have an interest in or exercise control over any other licensed entity that engages in sales to or from the restaurant or retail dispensers license in which the person holds 5% of less interest.

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Brewery Sales Container Sizes

Allows brewers to sell malt or brewed beverages produced at the brewery in containers or packages of unlimited quality or volume for off premises consumption.

Distributors Requirement to Collect Names of Purchasers

Removes the requirement that distributors and importing distributors collect the name, address or any other identifying information from purchasers for the purpose of keeping a record of the quantity of malt or brewed beverages purchased.

Worthless Checks

Requires a license holder who receives a worthless check as payment for malt or brewed beverages to notify the Malt or Brewed Beverage Compliance Officer with 5 days of receipt of notice of the worthless check. When notified, the compliance office is required to mail notice to the license holder who has 10 days from the date the notice was mailed to honor the check or be turned over to the enforcement bureau for citation.

Brew Pubs Off-Premises Catering Permits

Allows for brew pub license holders to obtain an off-premises catering permit for up to 50 events per year to sell alcoholic beverages off-premises in conjunction with a meal. Catered functions are not permitted in dry municipalities and servers must be in compliance with responsible alcohol management certification. Off-premises catering permits were extended to restaurant, hotel and eating place license holders in Act 11 of 2011, which was signed into law in June.

Interior Connections to Other Businesses

Provides that interior connections from a licensed establishment to another business, such as a grocery store, cannot be more than 10 feet wide. A grandfather clause is included to ensure license holders that have already been approved with interior connections greater than 10 feet wide will not be prohibited from renewing their license. Currently, the Board determines the acceptable width of the connection and current practice is to require it be at least 4 feet.

Noise Violations

Provides that a noise violation shall not be the sole basis for the objection of a license renewal by the board unless the license holder has received 6 prior adjudicated noise citations within a 24 month period. Also, provides for noise level to be measured from beyond the license holder's property line.

Also includes a provision that provides that a limited winery located in a class 2A county which in part occupies a building which is on the registry of historic places of the county shall not be subject to the Board's noise regulations.

Responsible Alcohol Management Program

Requires a manager appointed by a restaurant, eating place retail dispenser, hotel, club, limited distillery or distributor license holder to successfully complete the program for managers/owners within 180 days of appointment.

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Sale of Other Items by Distributors

Allows distributor and importing distributor license holders to sell books, magazines and other publications relating to malt or brewed beverages and homebrewing equipment and supplies.

Limited Winery Festivals/tastings

Increases the duration and number of days a limited winery may conduct wine festivals/tastings from 5 to 30 consecutive days and from 40 to 100 days per year.

Licensee Record Keeping

Allows license holders to keep 6 months of records on the license premises and 2 years of records in total. Presently, a license holder must maintain 2 years of records on the licensed premises.

Lettering on Licensee Vehicles

Allows lettering on licensee vehicles to be 2 inches in height. Presently, lettering must be at least 4 inches in height.

Limited Distillery License

Allows the Board to issue a new limited distillery license to operate a distillery with production that does not exceed 100,000 gallons per year. Under the provisions a limited distillery license holder may sell bottled liquor distilled on the premises to the public between 9:00 am and 11:00 pm so long as the price of the item is not less than offered in a liquor store, sell its liquor by the glass, provide samples and sell food. Allows limited distillery to purchase other retail licenses to sell other liquor, wine or malt or brewed beverages. Includes provisions which allow a distillery license holder that produced less than 100,000 gallons in the last year to exchange its license for a limited distillery license. The fee for such license shall be determined by the Board and not exceed \$1,500.

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FISCAL IMPACT:

It is estimated that the enactment of House Bill 242 will provide \$25,220 in additional fee revenue annually to the State Stores and Liquor License Funds as a result of expanding the entities allowed to obtain special occasion permits, allowing zoos to hold public venue licenses, allowing brewpubs to receive off premises catering permits and the establishment of limited distillery licenses.

| Entity | License or Permit & Fees | Est. # Eligible | Est. Revenue |
|--|---|-----------------|------------------|
| Brewpub | Off-premises catering (\$500) | 27 | \$ 13,500 |
| Zoo | Public Venue License (\$700) | 8 | \$ 5,600 |
| Limited Distillery | Limited Distillery License (\$1,500) | 3 | \$ 4,500 |
| Public TV or Radio and The Neutropenia Network | Special Occasion Permit (\$30 up to 6 times annually) | 9 | \$ 1,620 |
| Total Est. Revenue | | | \$ 25,220 |

Costs related to the additional permit and licensing provisions are minimal and can be accomplished within the board's existing operating budget.